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## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 7<sup>TH</sup> day of November, 2008, between between Michael Lawrence Newsham and Laurie Diane Newsham, husband and wife Lessor (whether one or more), whose address is: 8658 Glen Hollow Drive, Fort Worth, Texas 76179 and XTO Energy Inc., whose address is: 810 Houston St., Fort Worth, Texas 76102, Lessee, WTNESSETH:

1. Lessor, in consideration of ten dollars and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land," is located in the County of Tarrant, State of Texas, and is described as follows:

BEING 0.397 acres of land, more or less, out of the George S. Rall Survey, Abstract Number 1869 and out of the Dempsey C. Pace Survey, Abstract Number 1245, and being Lot 19, Block 22, Lake Country Estates, Phase IV, an Addition to the Eastside of Eagle Mountain Lake in the Northwest part of Tarrant County, Texas, according to the plat thereof recorded in Volume 388-82, Page 21, Plat Records, Tarrant Country, Texas, and being more particularly described in a Warranty Deed with Vendor's Lien, dated September 25, 1995 from Trophy I Homes, Inc., to Michael Lawrence Newsham and Laurie Diane Newsham, husband and wife recorded thereof in Volume 12127, Page 540, Deed Records, Tarrant Country, Texas, and amendments thereof, including streets, easements, and alleyways adjacent thereto, and any riparian rights.

## SEE ATTACHED ADDENDUM FOR ADDITIONAL PROVISIONS

This is a non-developmental Oil & Gas Lease, whereby Lessee, its successors or assigns, shall not conduct any operations, as defined herein, on the surface of said lands. However, Lessee shall have the right to pool or unitize said lands, or part thereof, with other lands to comprise an oil and/or gas development unit.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion, after-acquired title or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 0.397 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal 1/14 part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such 1/14 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear 1/14 of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land the manufacture of gasoline or other products, the market value, at the mouth of the well, or (2) when used by Lessee off said land or in Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. In the exercise of such diligence, Lessee shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee, in any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period in posses shall make

A. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance, provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to query or more horizons, or existing units may be enlarged as to query or more horizons, or existing units may be enlarged as to query or more horizons, or existing units may be enlarged as to query or more horizons, or existing units may be enlarged as to query or more horizons, or existing units may be enlarged as to query horizons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced time established, or after enlargement, are permitted or required under any governmental nule or order, for the drilling or operation of a well at a enlarged to conform to the size permitted or required under any governmental nule or order, for the drilling or operation of a well at a enlarged to conform to the size permitted or required by such governmental order or rule. Lessee shall exercise said option as to each desired unit effective as of the date provided for in said instrument or instruments but if said instrument or instruments are so filed of record. Each of said options may be exercised by Lessee at any land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established enterounder shall be or not be portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective pooled or unitized. Any operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such considered, for all purposes, except the payment of to each separate tract) covered by this lease within the unit of whi

such unit. Any unit formed may be amended, re-formed, reduced or enlarged by Lessee at its election at any time and from time to time after the original forming thereof by filing an appropriate instrument of record in the public office in which the pooled acreage is located. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other

- 5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
- 6. Whenever used in this lease the word "operations" shall mean operations for and/or any of the following: preparing the drillsite location and/or access road, drilling, testing, completing, recompleting, deepening, sidetracking, plugging back or repairing of a well in search whether or not in paying quantities.
- 7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
- 8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no be binding upon the then record owner of this lease until sixty (60) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly records and proceedings, transcripts, or other documents as shall be necessary in the evidence such change or division, and of such court such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
- 9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the canceled breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less that forty acres), such acreage require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land or convenient for current operations.
- 10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
- 11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.
- 12. Lessor agrees that this lease covers and includes any and all of Lessor's rights in and to any existing well(s) and/or wellbore(s) on said land, other than existing water wells, and for all purposes of this lease the re-entry and use by Lessee of any existing well and/or wellbore shall be deemed the same as the drilling of a new well.
- 13. Notwithstanding anything to the contrary contained in this lease, at the option of Lessee, which may be exercised by Lessee giving notice to Lessor, a well which has been drilled and Lessee intends to frac shall be deemed a well capable of producing in paying quantities and the date such well is shut-in shall be when the drilling operations are completed.
- 14. As a result of land development in the vicinity of said land, governmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may be limited and Lessee may encounter difficulty securing surface location(s) for drilling, reworking or other operations. Therefore, since drilling, operations conducted at a surface location off of said land or off of lands with which said land are pooled in accordance with this lease, provided that such operations are associated with a directional well for the purpose of drilling, reworking, producing are other experience.

under said land or lands pooled therewith, shall for purp contained in this paragraph is intended to modify any sur except as expressly stated.	ional weir for the purpose of drilling, reworking, producing or other operations oses of this lease be deemed operations conducted on said land. Nothing face restrictions or pooling provisions or restrictions contained in this lease,
IN WITNESS WHEREOF, this instrument is executed on	the date first above written.
Michael L Newsham	Laine C. Newsham
BY: Michael L. Newsham	BY: Laurie D. Newsham
STATE OF }	
COUNTY OF <u>Tarrant</u> } ss. (A	CKNOWLEDGMENT FOR INDIVIDUAL)
This instrument was acknowledged before me on the Newsham, husband and wife.	day of November, 2008 by Michael L. Newsham and Laurie D.
JOSHUA ANDREW CUMMINGS  Notary Public, State of Texas  My Commission Expires  Jonuary 11, 2012	Signature Notary Public Printed SCONNA ANDREW CUMMINGS

January 11, 2012

## **ADDENDUM**

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED THE 7<sup>TH</sup> DAY OF NOVEMBER, 2008, BETWEEN MICHAEL LAWRENCE NEWSHAM AND LAURIE DIANE NEWSHAM, HUSBAND AND WIFE, AS LESSOR(S), AND XTO ENERGY INC., AS LESSEE, COVERING <u>0.397</u> ACRES OF LAND, MORE OR LESS, OUT OF THE George S. Rall and Dempsey C. Pace Survey, Abstract No. 1869 and 1245, IN TARRANT COUNTY, TEXAS.

THE PROVISIONS OF ADDENDUM SUPERSEDE COMPLETELY ANY PROVISIONS TO THE CONTRARY CONTAINED IN THE LEASE TO WHICH THIS ADDENDUM IS ATTACHED.

- 15. Minerals Covered. Notwithstanding any other provision hereof, this lease covers only oil and gas. The term "oil and gas" means oil, gas, and other liquid and gaseous hydrocarbons and their constituent elements produced through a well bore.
- 16. Gas Royalty. (a) Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) for oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be twenty five percent (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; and (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be twenty five percent (25%) of the proceeds realized by Lessee from the sale thereof, computed at the point of sale, less a proportionate part of ad valorem taxes and production, severance or other excise taxes, and less the permitted unaffiliated third party deductions described below; provided that Lessee shall have the continuing right to purchase is no such price then prevailing wellhead market price paid for production of similar quality in the same field (or if there pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder.
  - (b) Royalties on oil, gas and other substances produced and saved hereunder which are processed in a processing plant in which Lessee, or an affiliate of Lessee, has a direct or indirect interest, shall be calculated based upon the higher of the proceeds received or the market value of the products so processed. Similarly, on oil, gas and other substances produced and saved hereunder which are sold to Lessee, or an affiliate of Lessee, royalties shall be paid based upon the higher of the market value of the products so sold and the proceeds received by Lessee for said products. Notwithstanding anything to the contrary herein, except for nonaffiliated third-party charges incurred or paid by Lessee, in no event shall any of Lessor's royalty bear any part of the costs of production or any post-production costs, including costs of lifting, gathering, dehydration, compression, separation, delivery, transportation, manufacture, processing, treating or marketing, or for construction, operation or depreciation of any plant or other facility or equipment for processing or treating oil or gas produced from the leased premises or lands pooled therewith. In no event shall Lessor receive a price greater than or less than Lessee in sales to nonaffiliates.
  - (c) As used herein, "affiliate" means (i) a corporation, joint venture, partnership or other entity that owns more than ten percent (10%) of the outstanding voting interest of Lessee or in which Lessee owns more than ten percent (10%) of the outstanding voting interest; or (ii) a corporation, joint venture, partnership or other entity in which, together with Lessee, more than ten percent (10%) of the outstanding voting interest of both the Lessee and the other corporation, joint venture, partnership or other entity is owned or controlled by the same person or group of persons.
- 17. Shut-in Royalty. If at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this Lease. A well that has consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of twenty five dollars (\$25.00) per acre then covered by this Lease on or before the end of said if this Lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or next following cessation of such operations or production. Notwithstanding anything to the contrary herein, it is continue this Lease in force by payment of shut-in royalty for more than one single period of up to two (2) consecutive years.
- 18. No Surface Operations. It is hereby agreed and understood that there shall be no drilling activities on the surface of the leased premises without the prior written permission from the surface owner of the applicable portion of the leased premises. Notwithstanding the foregoing, this waiver of surface shall not be construed as a waiver of the rights of Lessee to utilize the subsurface of the leased premises under this lease, and Lessee shall have the right to exploit, off the leased premises, including, but not limited to, directional or horizontal drilling activity which comes under the surface of the leased premises. This drilling surface waiver does not apply to any surface rights associated with
- 19. Vertical Pugh. Upon the expiration of the primary term of this Lease, upon the expiration of any extension or renewal of the primary term, or after cessation of operations as provided herein, whichever occurs last, this Lease shall terminate as to all rights lying below one hundred feet (100') below the stratigraphic equivalent of the deepest formation drilled.
- 20. No Warranties. Lessor makes no warranty of any kind with respect to title to the Land. By acceptance of this Lease, Lessee acknowledges that it has been given every opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land, and Lessee assumes all risk of title failures. All warranties that might arise by excluded. If Lessor owns an interest in the Land less than the entire fee simple estate, then the royalties (including shut-in royalties) payable hereunder will be reduced proportionately. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Lessor will use all its reasonable efforts to however, any necessary subordination shall be obtained by Lessee at Lessee's rights under this lease; provided, unable to obtain a subordination agreement, Lessee, at its option, may discharge any tax, mortgage, or other lien or option of applying the royalties accruing to Lessor toward payment of same and Lessee shall be subrogated to the rights of the holder thereof.

- Indemnity. Lessee hereby releases and discharges Lessor and the owner of the surface estate, along with 21. their officers, employees, partners, agents, contractors, subcontractors, guests and invitees, and their respective heirs, successors and assigns (collectively the "Lessor Parties"), of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees and agents arising out of, incidental to or resulting from, the operations of or for Lessee on or under the leased premises or at the drill site or operations site or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Lease, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the Lessor Parties against any and all claims, liabilities, losses, damages, actions, property damage, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, statute or strict liability, including attorney fees and other legal expenses, including those related to environmental hazards on or under the leased premises or at the drill site or operations site or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities in, on or under the leased premises or at the drill site or operations site; those arising from Lessee's use of the surface or subsurface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Lease or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees and their respective successors and assigns. Each assignee of this Lease, or of an interest herein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the Lessor Parties in the same manner provided above in connection with the activities of Lessee, its officers, employees and agents as described above. EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS LEASE SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SIGN ACTIVE OR PARSIVE WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE OR PASSIVE.
- 22. Noise levels associated with Lessee's operations related to the drilling, completion and reworking of wells shall comply with the City of Fort Worth Drilling Ordinance, as amended.
- 23. Limited Power of Attorney to Obtain Subordination Agreement. By the execution of this Lease, Lessor does hereby appoint and designate Lessee, its successors and assigns, as its attorneys-in-fact solely for the limited purpose of allowing Lessee to contact Lessor's lender or mortgagor (if any) on behalf of Lessor to obtain a lien subordination agreement or other similar document for purposes of subordinating any mortgage on the leased premises to Lessee's interests in this lease. Lessee will mail a copy of the executed and recorded lien subordination agreement or similar agreement when finalized. When Lessee has finalized its lien subordination agreement or similar agreement with Lessor's lender or mortgagor, this limited power-of-attorney to the Lessee shall in all respects terminate and automatically be revoked. Lessee shall bear any and all costs associated with obtaining any such lien subordination agreement or similar agreement.
- 24. Waiver of Claims as to Gas Lease Committee and Acknowledgement of Independent Legal Advice. Lessor acknowledges that the terms of this Lease, the amount of royalty and bonus paid hereunder, and other terms negotiated with Lessee with respect to this Lease (the "Negotiated Terms") were obtained as a result of negotiations between Lessee and a group known as the Greater Lake Country Gas Leasing Task Force ("GLCGLTF"), which consisted of a committee of unpaid volunteers, including Brad Shaw, Carl Wilson, Dick Deatrick, Dennis Shingleton, Nora Donavan, Margaret Hamlin, Jim Usher, Cecilia Valdez, Phil Fox, Craig Zieres, Dave Newell, Ginger Mayronne, Robert Fife, Fred Villarreal (the "GLCGLTF Gas Lease Committee"). In consideration of the efforts of the GLCGLTF in negotiating and obtaining the Negotiated Terms, Lessor, individually and on behalf of Lessor's agents, representatives, family members, predecessors, successors, heirs and assigns, hereby releases and forever discharges GLCGLTF, the GLCGLTF, and any of GLCGLTF's or the GLCGLTF Gas Lease Committee's members, agents, and representatives, specifically including any attorneys engaged by the GLCGLTF Gas Lease Committee to facilitate the solicitation of bids and negotiation of lease terms (the "GLCGLTF Releases"), of and from any and all claims, demands, obligations, losses, causes of action, costs, expenses, attorney's fees, and liabilities of any nature whatsoever, whether based on contract, tort, statute or other legal or equitable theory of recovery, whether known or unknown, which Lessor has, has had, or claims to have against the GLCGLTF Releases, which arise out of or relate to (a) the Negotiated Terms, (b) the negotiation of the Negotiated Terms, or (c) the inclusion and/or omission of any terms within the Negotiated Terms. Lessor further acknowledges and represents that (a) the GLCGLTF Releases have not acted as Lessor's agent in connection with this Lease; (b) Lessor, in making the decision to enter into this Lease, has not relied upon any statements or representations, if any, of the GLCGLTF Releases regarding the terms of this Lease; and (c) Lessor's decision to enter into this Lease is the independent and voluntary decision of Lessor after being given the opportunity to have said Lease reviewed by counsel of Lessor's choosing.

Executed on the date first written above.

Lessor: Michael & Nawhan

BY: Michael L. Newsham

BY: Laurie D. Newsham

auno C. Nowsham